

**BEFORE THE STATE OF WASHINGTON  
ENERGY FACILITY SITE EVALUATION COUNCIL**

IN RE APPLICATION NO. 99-1	)	
	)	EXHIBIT _____ (KCG-T)
SUMAS ENERGY 2 GENERATION	)	
FACILITY	)	

PREFILED DIRECT TESTIMONY OF  
NW ENERGY COALITION AND WASHINGTON ENVIRONMENTAL COUNCIL

WITNESS: K.C. GOLDEN

1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 **A.** K.C. Golden, 322 29th Ave., Seattle, WA 98122.

4 **Q. By whom are you employed and in what position?**

5 **A.** I am Coordinator of the global warming project for the City of Seattle.

6 **Q. Please summarize your education and business experience.**

7 **A.** I earned a BA in Social Sciences from the University of California at Berkeley and a  
8 Master's in Public Policy, with an emphasis on energy and the environment, from  
9 Harvard University's John F. Kennedy School of Government. I have worked on  
10 regional energy issues in the public and private non-profit sectors since 1989. During  
11 that time, I have served extensively on a variety of task forces and advisory groups  
12 related to energy supply, energy facility siting, integrated resource planning, and state and  
13 regional energy policy.

14 **Q. What are your current responsibilities for the City of Seattle?**

15 **A.** I coordinate the City's global warming project. The project consists of 1) efforts to  
16 reduce the City's greenhouse gas emissions and the emissions over which City policies  
17 and actions have influence, and 2) efforts to support policy, planning, and technology  
18 initiatives that advance broader solutions to global climate change.

19 **Q. Please state the issues you will address in your direct testimony.**

20 **A.** I will address the City's policy with respect to greenhouse gas emissions related to  
21 electricity supply and its preliminary plans for implementing this policy; the significance  
22 of this policy with respect to Seattle City Light's energy resource development and

1 acquisition activities; and the significance of this policy with respect to the market for  
2 fossil-fueled electric power resources.

## 3 **II. DISCUSSION**

### 4 **A. Please describe the City of Seattle's current greenhouse gas emissions policy.**

5 **A.** The City's global warming project seeks to reduce greenhouse gas emissions from all  
6 sectors in ways that are practical, cost-effective, and supportive of other City goals. On  
7 April 10, 2000, the City Council passed a resolution (#30144, attached) that specifically  
8 addresses greenhouse gases related to production and consumption of electricity. The  
9 resolution calls on Seattle City Light to:

- 10 ■ Establish a long-range goal of meeting the electric energy needs of Seattle with no net  
11 greenhouse gas emissions.
- 12 ■ Meet growing demand with no net increase in greenhouse gas emissions, beginning  
13 immediately, by:
  - 14 • Using cost-effective energy efficiency and renewable resources to meet as much  
15 load growth as possible
  - 16 • Mitigating or offsetting greenhouse gas emissions associated with any fossil fuels  
17 used to meet load growth.

### 18 **Q. Why did the City adopt this policy?**

19 **A.** The Mayor and Council adopted this goal for reasons including the following:

- 20 1) It demonstrates leadership on an urgent environmental issue.
- 21 2) It builds on City Light's existing tradition of clean energy production and energy  
22 efficiency investment.

1           3) It allows us to meet our growing electricity requirements at a cost that is affordable in  
2           both economic and environmental terms.

3           4) It helps to build the market for clean energy resources and fossil-fueled resources that  
4           mitigate or offset their emissions.

5           5) It addresses a pressing environmental issue prospectively, reducing our exposure to  
6           future internal cost increases and reducing the environmental cost of our electricity  
7           services.

8   **Q.    What actions will Seattle City Light take to reduce greenhouse gas emissions?**

9   A.    City Light will take actions in the following three areas:

10       1) City Light will acquire all cost-effective energy efficiency available from facilities in  
11       its service area. In determining cost-effectiveness, City Light will quantify and  
12       incorporate the cost of environmental externalities, including greenhouse gases,  
13       associated with emissions from fossil-fueled facilities. We have recently completed a  
14       new Conservation Potential Assessment and are evaluating significant increases in our  
15       already aggressive energy efficiency programs.

16       2) City Light will seek to acquire electricity from renewable resources that generate no  
17       greenhouse gas emissions. City Light is currently developing a request for proposals for  
18       such resources.

19       3) Due to the loss of some existing resources and the expiration of power purchase  
20       contracts, and to robust load growth, City Light may require new resources beyond what  
21       it can purchase at an acceptable cost from carbon-free sources. We are currently  
22       evaluating the relative merits of relying on market purchases to meet resource deficits,  
23       building our own gas-fired resource, or contracting for the output of a gas-fired resource.

1           Insofar as we turn to these fossil-fueled options, we will mitigate or acquire offsets for the  
2           associated greenhouse gas emissions.

3   **Q.    What are the most effective investments from the City's perspective to achieve**  
4           **greenhouse gas emission reductions?**

5   **A.**   We believe that carbon-free energy production is one of the most important climate  
6           protection strategies we can undertake. Our first priority will be more efficient use of  
7           existing energy resources. We regard energy efficiency as an energy resource that is  
8           functionally equivalent to electricity from a power plant, but generally cheaper and  
9           cleaner. Substantial energy efficiency is available for less than the cost of new generating  
10          resources. Our second priority will be new renewable resources that emit no greenhouse  
11          gases.

12         Insofar as we need fossil-fueled resources to meet our loads, we will evaluate a range of  
13         potential mitigation or offset options. The provisions for greenhouse gas reduction and  
14         offsets in Oregon's siting law have resulted in a growing market for such offsets.

15         However, we maintain a preference for carbon-free energy resources, because, as with  
16         most environmental issues, prevention is preferable to mitigation.

17   **R.    From an economic perspective, how does the City justify a long-range goal of**  
18           **meeting Seattle's electric energy needs with no net greenhouse gas emissions?**

19   **A.**   The no net greenhouse gas emission goal has the following economic advantages:

20         1) It reduces ratepayers' exposure to the financial risks associated with regulatory  
21         changes that are likely to internalize the cost of carbon dioxide (CO<sub>2</sub>) emissions in the  
22         future. We believe that, as the external cost of CO<sub>2</sub> emissions becomes more apparent,

1 pressure will grow to internalize those costs through regulation. By avoiding or  
2 internalizing these costs prospectively, we expect to minimize our long-term costs.

3 2) Insofar as it reduces our reliance on fossil fuels, it reduces exposure to fuel-price  
4 fluctuations. And to the extent that we meet the goal through energy efficiency,  
5 renewable resources, or gas-fired resources with long-term price contracts and CO<sub>2</sub>  
6 mitigation, it reduces our exposure to market price fluctuations.

7 3) It reduces the enormous and difficult to quantify external costs associated with  
8 damages from greenhouse gas emissions. Even in the unlikely event that these costs  
9 remain unregulated and external, they are very real and likely to be exceedingly large.

10 The fact that these costs are “external” and “environmental” does not mean they are not  
11 “economic.” Although the financial costs of sweeping changes to global ecosystems is  
12 impossible to quantify with accuracy, we believe that averting global climate change by  
13 switching to carbon-free energy sources and offsetting emissions is likely to be far less  
14 costly in economic terms than continuing to increase emissions and adapting to the  
15 consequences. Although we cannot unilaterally prevent global climate change, we can do  
16 our part and invite others to do theirs.

17 **Q. What are the ramifications of the City’s greenhouse gas emissions policy for power**  
18 **purchases by Seattle City Light?**

19 **A.** As discussed above, the policy confers a clear preference for power resources that emit no  
20 greenhouse gases. Insofar as we build or contract for the output of specific fossil-fueled  
21 resources, we will purchase offsets for greenhouse gas emissions that have not already  
22 been mitigated or offset by the supplier. Suppliers who purchase credible offsets for their  
23 own greenhouse gas emissions will have an advantage over those who do not. The lower

1 the net emissions of the supply source, the more attractive it will be to City Light.

2 Because of our no net greenhouse gas emission policy, this preference for low-emission

3 resources now has a discrete, internalized economic value to City Light – the value of

4 CO<sub>2</sub> offsets that we will not have to purchase if the resource developer has already

5 mitigated or offset its own emissions.

6 **S. Does that conclude your testimony?**

7 **T. Yes.**

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**END OF TESTIMONY**

I declare under penalty of perjury that the above testimony is true and correct to the best of my knowledge.

**DATED: June 16, 2000**

**By:**\_\_\_\_\_  
**K.C. Golden**



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